

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 ERDA-05 CIAE-00 H-01 INR-07 IO-10 L-02

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INFO AMEMBASSY BERLIN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY MOSCOW

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USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: ESTC, ENRG, GW, GE, UR

SUBJECT: NUCLEAR POWER PLANT FOR THE USSR

REF: BONN 354

1. BEGIN UNCLASSIFIED. THE FEBRUARY 26 GERMAN O
PRESS CARRIES A REPORT TO THE EFFECT THAT THE GERMAN
FIRM KRAFTWERK UNION (KWU) IS IN DANGER OF LOSING THE
CONTRACT TO BUILD A 1200 MEGAWATT NUCLEAR POWER PLANT
IN KALININGRAD. THE REPORT WHICH IS DATED IN BRUSSELS
AND WRITTEN BY ONE OF GERMANY'S BEST CLUED-IN ENERGY
REPORTERS STATES THAT THE NON-PROLIFERATION TREATY
(NPT) IS BEING USED TO PROVIDE A COMPETITIVE ADVANTAGE
TO AMERICAN AND BRITISH FIRMS VIS-A-VIS KWU. THE
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REPORT NOTES THAT US AND UK ARE INSISTING THAT ANY

FISSIONABLE MATERIAL PROVIDED BY GERMAN FIRMS TO THE USSR FOR THIS PROJECT MUST BE SUBJECT TO IAEA CONTROL. IT ALSO POINTS OUT THAT UNDER THE TERMS OF THE NPT THE US AND UK FIRMS WOULD NOT BE BOUND BY THIS CONTROL REQUIREMENT.

2. THE REPORT STATES THAT THE UK IS CONSIDERING DELIVERY OF SEVERAL HEAVY WATER REACTORS. IT QUOTES GERMAN EXPERTS AS STATING THAT THE UK REACTORS CANNOT COMPETE WITH THE GERMAN REACTOR EVEN THOUGH THE US FIRMS CAN. IN ORDER TO OVERCOME THIS DISADVANTAGE THE UK IS SUPPOSEDLY OFFERING FAVORABLE CREDIT TERMS AND PRIME MINISTER WILSON IS TO HAVE DISCUSSED THIS PROJECT DURING HIS RECENT VISIT TO MOSCOW.

3. THE REPORT STATES THAT THE NPT HAS ALREADY DISADVANTAGED KWU VIS-A-VIS ITS WESTERN COMPETITORS. IT STATES THAT KWU LOST CONTRACTS IN SPAIN AND FINLAND DUE TO ITS INABILITY TO OFFER GUARANTEES OF DELIVERY OF ENRICHED URANIUM WHEREAS AMERICAN FIRMS BECAUSE OF THE NPT WERE IN A POSITION TO MAKE SUCH GUARANTEES. IT POINTS OUT THAT THE FRG IS NOT BOUND BY THE NPT SINCE IT HAS NOT YET DEPOSITED ITS INSTRUMENT OF RATIFICATION AND IT SPECULATES THAT IF THE NPT IS USED AS A MEANS OF DISCRIMINATION AGAINST KWU IN FAVOR OF US AND BRITISH FIRMS, THE FRG COULD REFUSE TO FORMALLY RATIFY THE TREATY.

4. BEGIN LOU. ACCORDING TO OUR ECONOMICS MINISTRY SOURCES, THERE HAS BEEN NO PROGRESS IN THE NEGOTIATIONS BETWEEN THE SOVIETS AND GDR CONCERNING THE ROUTING OF TRANSMISSION LINES THROUGH WEST BERLIN ON THEIR WAY TO THE FRG. ECONOMICS MINISTER FRIDERICH IS EXPECTED TO RAISE THIS SUBJECT DURING HIS VISIT TO MOSCOW IN MID-MARCH. WE WILL CONTINUE TO FOLLOW THE NPT ISSUES WITH OUR FOREIGN MINISTRY CONTACTS AND REPORT ANY FURTHER DEVELOPMENTS. HILLENBRAND

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